

Message Text

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ACTION PM-07

INFO OCT-01 EUR-25 ISO-00 L-03 CIAE-00 INR-10 NSAE-00

RSC-01 MC-02 EB-11 COME-00 TRSE-00 AID-20 IGA-02

SAJ-01 SAM-01 SS-20 NSC-07 DRC-01 /112 W

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R 161601Z MAY 74

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 8903

INFO :JCS WASHDC

SECDEF WASHDC

C O N F I D E N T I A L MADRID 3036

E.O. 11652 GDS

TAGS: MASS, SP, US

SUBJECT: SALE OF SHIPS ON LOAN/LEASE

REF STATE 93595

1. SPANISH NAVY REQUEST TO CNO TO PURCHASE EIGHT US SHIPS ON LOAN (REFTTEL) IS RESONSE TO US OFFER OF SALE FIRST FORMALLY BROACHED IN OCT 1972 (CNO MESSAGE 11909Z OCT 1972). SPANISH WERE FIRST INFORMALLY TOLD OF POSSIBILITY OF PURCHASE IN JAN 11, 1972 LETTER FROM US CNO TO SPANISH COUNTERPART WHICH SAID US WOULD "INITIATE OPTION WHICH WOULD PERMIT GOS OPTION TO PURCHASE ANY OR ALL OF SHIPS NOW ON LOAN OR LEASE." SPANISH NAVY HAS ACCEPTED SALE OFFER AND PRICE HAS BEEN ESTABLISHED. IN CASE OF THREE SUBMARINES AVAILABILITY HAS BEEN ESTABLISHED AND SALE IS PROCEEDING. WE UNDERSTAND USN INTENDS TO CONDUCT IN-SERVICE INSPECTION THIS MONTH, WITH FINAL SALE CONTRACT TO BE SIGNED AFTER SUBMARINES STRICKEN FROM USN REGISTER.

2. SINCE US MADE FIRM OFFER TO SELL ALMOST YEAR AND A HALF AGO, WHICH SPANISH ACCEPTED, WOULD APPEAR INCONSISTENT FOR US NOW TO APPEAR TO DISREGARD WHAT IS CONSIDERED FIRM AND ACCEPTED OFFER AND TO MAKE SALE OF SHIPS SUBJECT FOR NEXT BASES NEGOTIATIONS. I SEE NO ADVANTAGE IN TYING SALE TO NEGOTIATIONS. ON THE
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CONTRARY, SUCH DELAY WOULD BE A TRANSPARENT MANEUVER TO OBTAIN

AN ADVANTAGE AND WOULD BE RESENTED. IT WOULD BE CONSIDERED
AS GOING BACK ON OUR WORD.

3. FURTHER, WHILE SPANISH NAVY RECOGNIZES THAT SHIP LOANS
HAVE FILLED REAL NEED FOR MANY YEARS, THEY NOW UNLIKELY TO GIVE
SHIP LOANS SAME HIGH PRIORITY AS OBJECTIVE IN FORTHCOMING
NEGOTIATIONS. MORE LIKELY THEY MAY SEEK QUID IN FORM OF GREATER
US TECHNICAL DATA AND ASSISTANCE FOR CONSTRUCTING AND
EQUIPPING THEIR OWN NEW SHIPS. CAN NOT BE RULED OUT, HOWEVER,
THAT SPANISH NAVY MAY HAVE SPECIFIC ADDITIONAL SHIP NEEDS
IN MIND THAT COULD BE MET IN SHORT RUN ONLY THROUGH LOANS.
IN SUCH CASE, THESE NEEDS MIGHT PROFITABLY BE TREATED AS
POTENTIAL QUID FOR NEGOTIATIONS IF AND WHEN THEY SURFACE.
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Message Attributes

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